

Message Text

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PAGE 01 PARIS 17194 01 OF 02 110807Z
ACTION EUR-12

INFO OCT-01 ISO-00 AGR-10 AID-05 CEA-01 CIAE-00
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UNCLAS SECTION 1 OF 2 PARIS 17194

PASS LABOR FOR METCALF

USOECD

E.O. 11652: N/A
TAGS: ELAB, OECD
SUBJECT: COUNCIL DISCUSSION OF EXPERTS' MEETING ON
STRUCTURAL DETERMINANTS OF EMPLOYMENT AND UNEMPLOYMENT,
6/9/77.

REF: OECD PARIS 8850

1. SUMMARY OF EXPERTS MEETING
REPORTING ON THE MARCH 7-11 EXPERTS MEETINGS, MSA DIRECTION
HEAD RONALD GASS MADE THE FOLLOWING POINTS:
A--THE REPORT ON STRUCTURAL DETERMINANTS OF EMPLOYMENT
AND UNEMPLOYMENT FAITHFULLY REFLECTS DISCUSSIONS HELD
AND CONCLUSIONS REACHED BY THE EXPERTS,

B-- THE EXPERTS REACHED SOME CONSENSUS REGARDING MAJOR
PROBLEMS CONFRONTING THE LABOR MARKET AND NOTED THE
TENDENCY FOR UNEMPLOYMENT TO RISE EVEN BEFORE THE 1973-
74 CRISIS.

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PAGE 02 PARIS 17194 01 OF 02 110807Z

C-- LONGER-TERM IS EMERGING CHARACTERIZED BY HIGH
AND PERSISTENT UNEMPLOYMENT WHICH PARTICULARLY AFFECTS
THE LEAST QUALIFIED WORKERS.

D--RECOVERY OF DEMAND WILL NOT BE ADEQUATE FULLY TO
CORRECT THE LABOR MARKET IMBALANCE, THEREFORE A MIX OF
POLICIES WOULD BE NEEDED.

E-- WHILE DIFFERING VIEWPOINTS WERE EXPRESSED REGARDING THE EXTENT OF GOVERNMENTAL INTERVENTION AND TYPES OF MANPOWER POLICIES, EXPERTS FELT THAT PRESENT UNEMPLOYMENT PROBLEM WAS SUFFICIENTLY SERIOUS TO JUSTIFY INTERVENTION.

F-- WHILE LABOR MARKET MALFUNCTIONING HAS MANY CAUSES, EXPERTS AGREED THAT DEFICIENCY OF AGGREGATE DEMAND WAS THE PRIMARY CAUSAL FACTOR.

G-- LABOR SUPPLY WILL RISE OVER MEDIUM TERM AS RESUMPTION OF GROWTH (ESPECIALLY IN SERVICE SECTOR) ENTAILS RISING PARTICIPATION RATES. THUS, IN FUTURE, EMPLOYMENT AND UNEMPLOYMENT COULD RISE SIMULTANEOUSLY.

H-- RE POLICY IMPLICATIONS, THE EXPERTS GAVE LITTLE SUPPORT TO REDUCING WORKING HOURS WHICH PAST EXPERIENCE PROVED COULD BE COUNTER-PRODUCTIVE.

I-- CONVERSELY, THE GROUP FELT THAT MORE POSITIVE RESULTS COULD BE ACHIEVED THROUGH POLICIES INFLUENCING PRIVATE CHOICE BETWEEN WORK AND NON-WORK (E.G., EDUCATION, LEISURE) ACTIVITIES.

J-- INVESTMENT POLICY SHOULD BE CLOSELY EXAMINED FOR ITS EFFECT ON EMPLOYMENT. NO CLEAR CONCLUSION REACHED ON IMPACT OF TECHNOLOGICAL PROGRESS ON EMPLOYMENT.

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PAGE 03 PARIS 17194 01 OF 02 110807Z

K-- PUBLIC SERVICE INVESTMENTS MIGHT APPEAR TO CREATE JOBS MORE EFFECTIVELY THAN PRIVATE SECTOR INVESTMENT. HOWEVER, INCREASING PUBLIC INVESTMENTS WOULD RESULT IN EITHER INCREASING THE TAX BURDEN ON PRIVATE HOUSEHOLDS, THEREBY REDUCING PRIVATE CONSUMPTION OR, IF THE BURDEN WERE BORNE BY THE ENTERPRISE SECTOR, RESULTS WOULD HAVE A NEGATIVE EMPLOYMENT EFFECT.

2. STRATEGY AND POLICY CHOICES

GASS SAID THE EXPERTS CONSIDERED THREE BASIC STRATEGIES: A--MACRO-ECONOMIC AIMED AT ECONOMIC GROWTH, B-- DIRECT JOB CREATION AND C--EMPLOYMENT REDISTRIBUTION. HE ADDED THAT THE SECRETARIAT SEES THESE STRATEGIES AS COMPLEMENTARY RATHER THAN AS ALTERNATIVES.

3. FOLLOW -UP

SECRETARIAT WILL FOLLOW UP SYMPOSIUM BY PRESENTING

PAPERS TO EPC'S WORKING PARTY 2 AND THE MANPOWER AND
SOCIAL AFFAIRS COMMITTEE.

4. COUNCIL DISCUSSION

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PAGE 01 PARIS 17194 02 OF 02 101955Z
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UNCLAS SECTION 2 OF 2 PARIS 17194

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A. AUSTRIAN, TURKISH AND DANISH DELEGATES THOUGHT THE
SUBJECT REPORT AND MCCracken REPORT SHOULD BE IN DOSSIERS
FOR MINISTERIAL COUNCIL MEETING. US DEL KTATZ STATED THAT
SYMPOSIUM HAD BEEN AN IMPORTANT EVENT AND HOPED THE
ISSUE OF YOUTH UNEMPLOYMENT AND EMPLOYMENT OF WOMEN HAD
BEEN ADEQUATELY REVIEWED. GASS RESPONDED THAT SECRETARIAT
HAD RECENTLY PREPARED A PAPER ON YOUTH UNEMPLOYMENT WHICH MAY BE
INCLUDED IN THE DOSSIER.

B. SOME DELS FELT THAT FOLLOW-UP TO REPORT SHOULD BE
SIMILAR TO THAT ENVISAGED FOR MCCracken REPORT; I.E.,
THAT IT SHOULD BE REVIEWED AT JUNE 14-15 ECONOMIC POLICY
COMMITTEE MEETING AND ITS MAIN CONCLUSIONS SUBSEQUENTLY FORWARDED
TO MINISTERIAL FOR CONSIDERATION. SECRETARIAT NOTED THAT
MANDATE OF MCCracken GROUP HAD BEEN TO PRODUCE AN
ANALYSIS LEADING TO CONCRETE POLICY RECOMMENDATIONS. IN CONTRAST,
SYMPOSIUM WAS DESIGNED TO ENHANCE
UNDERSTANDING OF COMPLEX ISSUES POSED BY LABOR MARKET
STRUCTURES AND PROBLEMS, RATHER THAN TO ARRIVE AT SPECIFIC POLICY
CONCLUSIONS.
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PAGE 02 PARIS 17194 02 OF 02 101955Z

5. CONCLUSION

SEC-GEN VAN LENNEP CONCLUDED THERE WAS NO INTENTION OF
SUBMITTING A SEPARATE NOTE ON SUBJECT MEETING TO MINISTERIAL,
BUT TO INCLUDE IN THE DOSSIER FOR INFORMATION
BOTH REPORTS, A SHORT SUMMARY FOR INFORMATION, AND THE
SECRETARIAT PAPER ON YOUTH UNEMPLOYMENT. THE COUNCIL
NOTED THE SEC-GEN'S INTENTION TO PUBLISH, ON HIS OWN
RESPONSIBILITY, THE EXPERTS' REPORT.
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